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Directive on Interchange Canada

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Directive on Interchange Canada

Note to reader

* The asterisk denotes the updated 2018-2019 employer-paid benefit rate for outgoing participants which takes effect on April 1, 2018.

1. Effective Date

1.1 This directive takes effect on June 1, 2012 and replaces the *Directive on Interchange Canada* dated February 15, 2007.

2. Application

2.1 This directive applies to the core public administration as defined in section 11 of the *Financial Administration Act* unless excluded through specific acts, regulations or Orders in Council.

Section 6.2.2 of the Monitoring and Reporting Requirements, and section 7.2 c) of the Consequences, do not apply with respect to the Office of the Privacy Commissioner, the Office of the Information Commissioner, the Office of the Chief Electoral Officer, the Office of the Commissioner of Official Languages, the Office of the Commissioner of Lobbying, and the Office of the Public Sector Integrity Commissioner. The deputy heads of these organizations are solely responsible for monitoring and ensuring compliance with this policy within their organizations, as well as for responding to cases of non-compliance in accordance with any Treasury Board instruments that address the management of compliance.

3. Context

3.1 This directive provides deputy heads and their delegated managers with mandatory requirements regarding the manner in which Interchange Canada is to be managed in support of the *Policy on Interchange Canada* .

3.2 This directive is issued pursuant to sections 7 and 11.1 of the *Financial Administration Act*.

3.3 This directive is to be read in conjunction with the *Foundation Framework for Treasury Board Policies* and the *Policy Framework for People Management* .

4. Definitions

4.1 For definitions of terms used in this directive, refer to the Appendix A.

5. Directive Statement

5-1 Objective

The objective of this directive is to:

Ensure that Interchange Canada assignments are managed in a fair and transparent manner.

5-2 Expected Results

a. Delegated managers and designated Liaison Officers exercise their roles and responsibilities in the management of Interchange Canada assignments.
b. Fair and transparent Interchange Canada assignments that support the objectives of the Program, as well as those of participants, organizations and the Government of Canada.

6. Requirements

6.1 Delegated managers ensure that assignments are managed in accordance with the requirements described in Appendix B in regards to eligibility criteria, assignments, letter of agreement, salary, benefits and refund, and relocation.

6.2 **Monitoring and Reporting Requirements**

6.2.1 Deputy heads are responsible for monitoring adherence to the directive within their organization, consistent with the provisions of the Treasury Board's *Policy on Interchange Canada* . Deputy heads are responsible for ensuring that appropriate remedial action is taken to address non-compliance.

6.2.2 Heads of HR ensure that Liaison Officers oversee the application of the *Policy and Directive on Interchange Canada* and provide to the Treasury Board Secretariat, Office of the Chief Human Resources Officer the following information considered necessary for assessing compliance and evaluating the program's performance against the expected results:

- Report of Participant assignment details; and,
- changes to assignment details including extensions or early termination.

6.2.3 Departments retain documents on assignments of participants from personal corporations for audit purposes for a period of six years after the end of the assignment.

6.2.4 The Treasury Board Secretariat is responsible for monitoring compliance with this directive and the achievement of expected outcomes through a TBS monitoring framework including reporting and analysis.

6.2.5 The Treasury Board Secretariat, Office of the Chief Human Resources Officer will review this directive and its effectiveness at the five-year mark.

7. Consequences

7.1 Deputy heads are responsible for investigating and acting when issues arise regarding compliance and ensuring that appropriate actions are taken to address these issues in accordance with the *Framework for the management of Compliance.*

7.2 The consequences of application errors or non-compliance with this directive include:

a. Deputy heads may suspend all or part of delegated authorities from specific managers for Interchange Canada assignments following an application error or non-compliance;
b. Deputy heads may take into consideration application errors or non-compliance in managerial accountability agreement and performance appraisals; and
c. The Chief Human Resources Officer, on the basis of analysis of monitoring and related information, may recommend to the Treasury Board that the deputy head's delegation of authority for Interchange Canada be reduced or suspended.

8. References

8-1 Other relevant legislation

- *Access to Information Act*
- *Financial Administration Act*
- *Income Tax Act*
- *Official Languages Act*
- *Privacy Act*
- *Public Servant's Disclosure Protection Act*
- *Public Service Employment Act*
- *Security of Information Act*

8-2 Related policies and publications

- *Government Security Policy – Policies and Publications*
- *National Joint Council's Foreign Service Directives*
- *National Joint Council's Isolated Posts and Government Housing Directive*
- *National Joint Council's Integrated Relocation Directive*
- *National Joint Council's Travel Directive*
- *Policy on Conflict of Interest and Post-Employment*
- *Policy on Legal Assistance and Indemnification*
- *Values and Ethics Code for the Public Sector*

9. Enquiries

Enquiries concerning this directive should be forwarded to your departmental Liaison Officer. For questions on this policy instrument, departmental Liaison Officers may contact TBS Public Enquiries .

Appendix A

A.1 Definitions

Addendum agreement (*addenda*)

a written signed document that sets out the changes to the terms or conditions of the letter of agreement.

Core public administration (*administration publique centrale*)
departments as defined in Schedule I, and the other portions of the federal public administration named in Schedule IV of the *Financial Administration Act* .

Deputy heads (*administrateurs généraux*)
deputy head has the same meaning as in s. 11(1) of the *Financial Administration Act*.

Incoming participant (*participant provenant de l'extérieur*)
an employee from a private, public or not-for-profit sector organization who is on an Interchange Canada assignment to an organization in the core public administration.

Letter of agreement (*lettre d'entente*)
a written, signed document that sets out the responsibilities of the sponsoring organization, the participant and the host organization, and the terms and conditions of the assignment.

Outgoing participant (*participant en affectation à l'extérieur*)
an employee from the core public administration on an Interchange Canada assignment to an outside private, public or not-for-profit sector organization.

Personal corporation (*corporation personnelle*)
an organization that is solely or in part owned by the incoming participant, and that is incorporated or continued under the legislation in Canada or in another country. A sole proprietorship is not considered a corporation and therefore may not enter into an agreement under the Interchange Canada Program.

Appendix B

B.1 Requirements

- **Part I – Eligibility Criteria**
- **Part II – Assignments**
- **Part III – Letter of Agreement**
- **Part IV – Salary, Benefits and Refunds**
- **Part V – Relocation**

B.1 Part I – Eligibility Criteria

1.1 A prospective Interchange Canada participant:

a. is an employee of a sponsoring organization, including a personal corporation, and remains an employee of that organization throughout the assignment;
b. has been an employee of the sponsoring organization, including a personal corporation, for a period of at least six months prior to the commencement of the assignment unless, due to exceptional circumstances, a shorter period of employment is approved by the Chief Human Resources Officer;
c. has the competencies to meet the operational and organizational requirements of the assignment;
d. is not in a conflict of interest as a result of the assignment in accordance with the *Values and Ethics Code for the Public Sector* , the *Policy on Conflict of Interest and Post-Employment* and organizational Codes of Conduct;
e. meets the required reliability checks and security clearances of the host organization; and
f. is not a ministerial staff member. Employees of the core public administration cannot use Interchange Canada for assignments as ministerial staff.

1.2 There is a minimum period of two years before a former participant may participate again on Interchange Canada.

B.2 Part II – Assignments

2.1 Full-time or part-time assignments can last up to three consecutive years, whether the assignment takes place in one or more organizations.

2.2 In exceptional circumstances, an extension of up to two additional years beyond the three consecutive years can be obtained upon the approval of the deputy head.

2.3 If an assignment is concluded earlier than agreed to in the letter of agreement or the addendum, a written notice from one of the parties to the letter of agreement must be provided. The notice period is one calendar month.

2.4 An assignment can be temporarily interrupted for a specific period of time with the written agreement of all parties. The remaining portion of the assignment can be postponed until the participant returns to work.

2.5 Incoming participants are required to respect the principles and intent of the *Values and Ethics Code for the Public Sector* and the *Policy on Conflict of Interest and Post-Employment,* and to refrain from engaging in any political activity that may impair, or be perceived as impairing, the participant's ability to perform his or her duties in a politically impartial manner, or otherwise diminish the principle of political impartiality in the public service. They are also required to respect organizational Codes of Conduct.

2.6 Outgoing participants are aware that they continue to be subject to the *Values and Ethics Code for the Public Sector* and the *Policy on Conflict of Interest and Post- Employment* as a condition of their continuous employment in the core public administration and continue to be subject to Part 7 ("Political Activities") of the *Public Service Employment Act* . They are also required to respect organizational Codes of Conduct.

2.7 If a participant was previously employed in a federal, provincial, municipal, or territorial political office or party within the preceding 12 months of the assignment, the deputy head must sign an attestation that the assignment is free of political influence.

2.8 Participants usually meet the official language requirements of the functions or the position as set out in the *Official Languages Act* and related policies. Where participants do not meet the language requirements, measures must be taken to ensure that linguistic obligations relating to service to the public and language of work are met.

2.9 Sponsoring and host organizations jointly determine the cycle for performance management, the reporting format, and the collection and distribution of performance reports to appropriate parties.

2.10 Incoming participants are to return all loaned government property and all material whether classified or unclassified. All records produced by the incoming participants or by anyone on their behalf, in carrying out any duty related to an assignment remain the property of the Government of Canada and are subject to Crown copyright. All information incoming participants acquire in the course of the assignment remains subject to the *Security of Information Act* and the *Policy on Government Security* after the conclusion of the assignment.

2.11 The *Policy on Legal Assistance and Indemnification* applies to incoming participants while on assignment.

2.12 The *Policy on Legal Assistance and Indemnification* does not apply to employees of the core public administration while they are on outgoing assignments. The host organization will provide the participant with legal services and will indemnify him/her with regard to acts or omissions arising out of their assignment with the host organization. If the host organization does not confirm in the letter of agreement that it will provide legal services or indemnify the participant, the participant proceeds with the assignment at his/her own risk.

2.13 Reliability checks and security clearances are the responsibility of the host organization. For incoming participants, such checks and clearances are done in accordance with the applicable Treasury Board security policies and publications.

2.14 An incoming participant must successfully complete required training prior to receiving delegated signing authorities.

2.15 An incoming participant who is an employee of a personal corporation must:

a. obtain private accident insurance, supplementary medical insurance and long-term disability insurance, prior to the commencement of the assignment and for its duration; and
b. demonstrate that the sponsoring organization has registered with the Canada Revenue Agency to remit Goods and Services Taxes/Harmonized Sales Tax, Canada Pension Plan/Quebec Pension Plan/Employment Insurance and income taxes, as applicable.

B.3 Part III – Letter of Agreement

3.1 A bilingual letter of agreement will be in place prior to the commencement of an assignment. If agreed to by all parties or within a unilingual region, the letter of agreement may be unilingual.

3.2 Changes to the terms and conditions of the letter of agreement are confirmed in an addendum to the agreement.

3.3 Letters of agreement templates are provided by the Office of the Chief Human Resources Officer within the Treasury Board Secretariat.

3.4 The letter of agreement is signed by the parties and includes at a minimum:

a. A statement that the participant is an employee of the sponsoring organization, including a personal corporation, and will remain so throughout the assignment;

b. A statement that the participant will return to a position with the sponsoring organization at a rate of remuneration of not less than their present salary;
c. The start and the end date of the assignment;
d. The compensation amounts to be refunded;
e. A statement indicating how official language requirements will be met;
f. The information that the parties agree to make publicly available;
g. The approach to performance evaluation, where performance or variable pay is concerned (e.g., the Executive Group);
h. A statement concerning the participant's obligations under the *Values and Ethics Code for the Public Sector* , the *Policy on Conflict of Interest and Post-Employment* , Part 7 ("Political Activities") of the *Public Service Employment Act* and organizational Codes of Conduct; and
i. The following statement: "The (name of the sponsoring organization) will ultimately be responsible for any workers' compensation-related costs, regardless of who was designated responsible by the applicable provincial or territorial workers' compensation board".

3.5 For incoming participants, the letter of agreement also includes that the participant will abide by various legislative, regulatory, policy and other relevant provisions (e.g. the *Official Languages Act* , intellectual property rights and the *Security of Information Act*).

B.4 Part IV – Salary, Benefits and Refunds

4.1 During the assignment, the sponsoring organization continues to pay the participant's full salary, except as outlined in Appendix B, Part V, Sections 5.2 and 5.3. All other terms and conditions of the participant's substantive position in the sponsoring organization apply, such as any adjustments that accrue during the assignment period.

4.2 The host organization refunds to the sponsoring organization the cost of the participant's full salary, employer-paid benefit costs, overtime and, if applicable, performance pay and the bilingualism bonus. The sponsoring organization, in turn, pays the participant. Host organizations do not pay compensation directly to participants.

4.3 Participants are subject to the working conditions of the host organization, such as working hours, working authorized overtime or taking vacation or unpaid leave where operational requirements permit. Overtime is to be authorized and paid in

accordance with the sponsoring organization's rates. For incoming participants, unused annual leave accumulated during the assignment may be refunded to the sponsoring organization by the host organization at the end of the assignment.

4.4 Organizations cannot charge fees for managing the administrative requirements of the assignment or participant.

4.5 Host organizations are responsible for all business expenses, such as preliminary candidate interviews, business travel and formal training while on assignment.

4.6 Terminable allowances and retention bonuses are not included in the calculation of total compensation nor are the relocation costs or travel expenses.

4.7 The employer-paid benefit costs are calculated as a percentage of salary. The current figure used for outgoing participants is 23.7% *.

4.8 Incoming participants earning more than the total compensation package of the selected group and level:

Typically, the salary refund for an incoming participant should not exceed 125% of the total compensation package associated with the group and level selected for the value of the work to be performed. Deputy head approval is required for salary refunds beyond 125%.

The following example illustrates the calculation of total compensation.

Maximum of the salary range of the selected group and level	$77,216
Multiplied by 23.7%	$77,216 X 23.7% = $18,300
Total compensation package	$95,516
Multiplied by 125%	$95,516 X 125% = $119,395
The maximum salary that can be refunded without deputy head approval is $119,395	

In addition to refunding the salary of $119,395, the host organization also refunds the participant's employer-paid benefits and, if applicable, performance pay.

4.9 While on assignment, outgoing participants remain at their substantive group and level and cannot receive additional compensation from the host organization, such as acting pay or a bonus.

4.10 To determine performance pay (in-range movement and variable pay) for outgoing participants, participants are responsible for establishing a written performance agreement with the host organization at the beginning of each performance cycle. The agreement documents performance expectations by distinguishing between ongoing and key commitments for the assignment, performance measures, and results to be achieved during the cycle.

4.11 The host organization does not pay the sponsoring organization for GST/HST with the exception of personal corporations.

B.5 Part V – Relocation

5.1 Outgoing participants are subject to the relocation provisions listed in the Appendix to the *National Joint Council (NJC) Relocation - Integrated Relocation Program (IRP) Directive* pertaining to Interchange Canada.

5.2 Deputy heads can negotiate a refund of relocation expenses for incoming participants, and they can use as a reference either the relocation provisions established by the sponsoring organization or the relocation provisions listed in the Appendix to the *National Joint Council (NJC) Relocation - Integrated Relocation Program (IRP) Directive* pertaining to Interchange Canada.

5.3 Outgoing participants who receive isolated post allowances because their substantive position is located in an isolated post, continue to receive these allowances while on assignment provided they are maintaining a household or dependants in the isolated post.

5.4 Participants with a sponsoring organization in a location other than an isolated post are not eligible to receive isolated post allowances while they are on an Interchange Canada assignment.

5.5 Participants on outgoing international assignments are entitled to the benefits in the National Joint Council's *Foreign Service Directives* . However, an outgoing participant may, in consultation with the appropriate bargaining agent, when applicable, and with the written agreement of the deputy head, waive entitlements to any or all provisions of the *Foreign Service Directives*.

5.6 The *Foreign Service Directives* also apply to an incoming participant for an assignment that involves working outside of Canada and their home country.

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